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C O N F I D E N T I A L BRUSSELS 004201

SIPDIS

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DEPT FOR NEA - DAS PHILO DIBBLE, NP/RA - FITZPATRICK, S/CT-MILLER, EUR/ERA

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TAGS: [PREL](#) [KNNP](#) [ETTC](#) [EAID](#) [IR](#) [EUN](#) [USEU](#) [BRUSSELS](#)

SUBJECT: EU WANTS G8 TALKS ON IRAN BEFORE NEXT IAEA BOARD

REF: A. SECTO 0019

[1](#)B. 09/24/2004

Classified By: USEU POLOFF LEE LITZENBERGER; REASON 1.4 (B,D)

[1](#)1. (C/NF) According to UK Mission official Karen Betts (strictly protect), the EU-3 are working to coordinate with the EU ideas for a G-8 strategy to "handle Iran between now and the November IAEA Board meeting." On September 29, EU High Rep Solana presented a draft paper to the EU-3 outlining specific, technical steps Iran must take regarding the suspension of uranium enrichment. In parallel, the EU-3 are looking at possible incentives the EU could offer Iran, should it comply. G8 engagement, she said, is designed to bring Moscow on board and allow for the possibility that the U.S. could offer some improvement in relations with Iran. As for the EU, Solana is proposing to re-start the stalled negotiations on a Trade and Cooperation Agreement (TCA) with Iran, should it suspend uranium enrichment. Betts said the thinking is that, even restarted, negotiations would likely founder, but it is the only carrot the EU can offer at this time.

[1](#)2. (C/NF) The UK, Betts shared, is not completely comfortable with the EU-3 paper, but feels compelled to proceed in an effort to make clear to Iran it has one last chance to keep the issue from going to the UNSC. "The message to Iran would be: we need to see 100% compliance or it goes to the UNSC in November," said Betts. However, the EU-3 are approaching the whole issue of Iran asking, "What price do we need to pay to get Iran to give up its nuclear program?" We responded that another way to view the situation is that Iran's international obligations are clear, and Tehran should not expect to be rewarded simply for meeting them. Rather than looking for carrots to offer Iran, we asked, has the EU considered putting Tehran on notice that it might impose economic sanctions -- given that the EU is Iran's largest trading partner -- should Iran not suspend enrichment? Betts answered that while the EU has discussed this option, serious consideration of sanctions could only come under an authorizing UNSCR.

[1](#)3. (C/NF) Betts said the sequencing of upcoming meetings is a complicating factor in managing this issue. The EU-3 are hoping to convene G8 Political Directors (or, perhaps even a ministerial-level meeting) in the period October 11-13 to discuss an Iran strategy (reftel). Unfortunately, EU ministers meet in a GAERC on the 11th, before the G8 will have held its discussion. The EU would like to present the proposals to the G8 before EU ministers reach any conclusions. She said the UK feels very much squeezed in the middle between the U.S., which wants to take a tougher line on Iraq, and the EU, which wants to be a bit softer. "Handling" Iran as an issue has become a delicate matter for the UK, she said. She welcomed next week's US-EU-Canada trilateral discussions on Iran, and encouraged the US delegation to engage the Dutch on all these issues.

McKinley